

What Is the Value of the Proposed Basic Plan Benefit Design to CalPERS Members?

Introduction

Our proposed **basic plan** benefit design, **using 2007 Blue Shield premiums as an example**, would result in annual premium savings¹ of:

- \$29.14 for the “single” members
- \$57.39 for the “two-party” members
- \$74.94 for the “family” members

In addition, members would receive *free services for all preventive care office visits* (currently \$10 co-payment per visit). Milliman, in its March 9, 2007 report titled, *CalPERS Health Benefit Plan Design Analysis*, defines preventive care as:

- periodic health exams
- obstetrics and gynecology visits
- well-baby visits
- allergy testing and treatment
- immunization
- hearing evaluation
- pre/post-natal care visits

Blue Shield basic members would also pay *\$10 less as a co-payment for each urgent care visit*, due to standardization of urgent care co-payments across all plans.

For “Single” Member

A single member would not only receive *all preventive care office visits for free*, the member would also receive *at least five non-preventive office visits or one non-admitting emergency room service* before the member would use all of the premium savings. For members who use pharmacy services, a **\$29.14** annual premium savings would pay for *almost six retail brand prescriptions* before the member would use all of the premium savings. In addition, members continue to benefit from the *current \$5 retail generic co-payment*.

For example, a 30-year-old single male with an allergy condition would receive free periodic health evaluations, free testing and care for his allergy, and one non-admitting emergency room visit if he breaks his leg in a ski trip that does not require hospitalization, without having to pay more than his savings from the premium reduction.

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¹ The attached *Premium and Co-payment Impact Fact Sheets* display total annual members savings by plan for single, two-party and family tiers in the box located in the shaded area.

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For “Two Party” Member

In addition to *free preventive care office visits*, the two-party members would receive *at least 11 non-preventive office visits or two non-admitting emergency room services* before the members would use all of the premium savings. For members who use pharmacy services, a **\$57.39** annual premium savings would purchase *more than 11 retail brand prescriptions* (30-day supply) *or almost four mail-order brand prescriptions* (90-day supply) before the member would use all of the premium savings.

For example, a couple in their 50s would receive *free periodic health evaluations* to ensure early detection and treatment of adult-onset chronic diseases. They would also receive *free allergy testing and treatment, and free hearing evaluations*. The couple would also be able to *fill at least six retail brand prescriptions and visit the doctor’s office five times for non-preventive reasons*.

For “Family” Members

Family members would receive *free preventive office visits* like members of the other tiers; many families especially value the benefit of free preventive care because it includes pre-natal, allergy, and well-baby care. For members who use pharmacy services, a **\$74.94** annual premium savings would purchase *almost 15 retail brand prescriptions* for the family before the member would use all of the premium savings.

For example, a family of three – the husband and wife in their 40s with a four-year-old child, and the wife expecting her second child – would receive all periodic health evaluations for free. In this family:

- the husband would receive free office care for his allergy condition,
- the preschooler would receive all required immunizations and well-child visits for free,
- the pregnant wife would receive all office-based obstetric and gynecology care and pre-natal care for free, and
- post-natal and all well-baby visits would also be free for the newborn child.

In addition, the family would be able to *fill 15 retail brand prescriptions or visit the emergency room almost three times* before the member would use all of the premium savings.
